

Consumer • News

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900 NUMBER PAY-PER-CALL AND OTHER INFORMATION SERVICES

What are Pay-Per-Call and Information Services?

Information services offer telephone callers the opportunity to obtain a wide variety of telephone programs that provide recorded or live information and entertainment. Information services are wide ranging. Some of the types of information services available are medical, stock market, sports and product information. Also available are so-called “adult” services, “chat” lines and psychic advice. Many of these services are highly valued by consumers. However, the Commission receives a considerable number of complaints involving information services.

Although the terms are often used interchangeably, pay-per-call services are a particular type of information services. Under federal law, pay-per-call services are those information services that are offered through 900 numbers and carry a fee greater than the cost of simply transmitting the call. The fee may be either a per-minute charge or a flat fee per call. Information services is a broad term that encompasses services that are offered by dialing numbers other than 900 numbers.

How Pay-Per-Call and Other Information Services Are Provided

Consumers generally call an advertised telephone number to receive a pay-per-call or other information service. Fees for such calls are typically charged to the individual or business responsible for the telephone line from where the call was placed, and are included on that party's monthly telephone bill.

Usually, several different entities are involved in providing lawful information services.

Information providers (“IPs”) design, produce, price, and advertise pay-per-call and other information services. IPs purchase communications services from **long distance telephone companies** (“interexchange carriers” or “IXCs”) to transmit their information services to callers. IXCs transmitting 900 number services also usually offer IPs billing and collection services in conjunction with pay-per-call transmission. IXCs either directly bill consumers for information service calls or subcontract with **local telephone companies** (“local exchange carriers” or “LECs”) to place information service charges on monthly telephone bills that are issued by LECs. An IP may obtain transmission and billing services from an entity called a **service bureau**. Service bureaus act as middlemen between IPs and long distance companies, obtaining communications and billing services from a long distance company on behalf of an IP. Service bureaus may also provide other services to individual IPs, including provision of actual information programs, management services, and billing and collection of charges. Finally, an IP may employ an **independent billing company** or **collection agency** to attempt to collect information service charges that either are not billed by a telephone company or have been removed from a phone bill.

Federal Regulation of Pay-Per-Call and Other Information Services

FCC Rules

The FCC regulates United States telephone companies that are involved in transmitting and billing interstate pay-per-call and other information services. The FCC's rules governing information services provide that:

- Any interstate service -- other than telephone company directory assistance -- that charges consumers for information or entertainment must be provided through a 900 number unless it is offered under what is termed a "presubscription or comparable arrangement." That presubscription or comparable arrangement may be a preexisting contract by which the caller has "subscribed" to the information service. The arrangement also may be the caller's authorization to bill an information service call to a prepaid account or to a credit, debit, charge, or calling card.
- Telephone companies may not disconnect local or long distance telephone service for failure to pay 900 number charges or charges for presubscribed information services.
- Local telephone companies must offer consumers the option of blocking access to 900 number services if technically feasible.
- Telephone companies that bill consumers for pay-per-call and presubscribed information services must show those charges in a portion of the bill that is separate from local and long distance charges. In addition, telephone companies must include with the bill certain information outlining consumers' rights and responsibilities with respect to payment of information service charges.

- Toll-free numbers may not be used to charge callers for information services unless the caller has a written agreement to obtain and be charged for the service or has agreed to pay for the service by prepaid account, or through a debit, credit, or calling card.
- Toll-free numbers may not be used to initiate collect calls from IPs.
- Callers to toll-free numbers may not be transferred to 900 numbers.

Federal Trade Commission Rules

The Federal Trade Commission ("FTC") regulates IPs, service bureaus, and other entities involved in advertising and billing information services. The Federal Trade Commission Act prohibits all deceptive and unfair trade activities. Other federal laws that are administered by the FTC have specific requirements to protect consumers from unreasonable practices by credit companies and debt collectors. Finally, the FTC has regulations that apply particularly to 900 number services. The FTC's 900 number rule requires that:

Advertisements for pay-per-call services must clearly disclose the cost of a call. Television advertisements must include both audio and video disclosures.

An introductory message or "preamble" must begin each 900 number program if total charges for a call are greater than two dollars. The preamble must describe the service briefly, give the name of the IP, and tell the cost of the call. The preamble must also state that callers under 18 must obtain parental permission. After the preamble is complete, callers must be given three seconds to hang up without being charged.

Parties that bill consumers for pay-per-call charges must follow specified procedures in handling disputes. Pay-per-call billing statements must include a local or toll-free number which consumers may call about pay-per-call charges.

Consumers wishing to challenge a pay-per-call charge under the FTC's rule must notify the company listed on the bill within 60 days after the first statement containing a disputed charge was sent.

Consumers may contact the FTC to get more information about its regulations. FTC brochures regarding 900 numbers, 800 numbers, international information services, fair debt collection, and fair credit billing may be obtained by writing to the Federal Trade Commission, Public Reference Branch, Washington, D.C. 20580 -- or by calling (202) 326-2222.

Information Services Scams

The FCC has received reports of a variety of deceptive or unlawful information services or arrangements. These include:

Collect call-backs. A consumer may dial an advertised number and be given the option of requesting a return call to receive the advertised information. If the call is returned, the consumer will be billed for a collect call.

"Instant" calling cards. A consumer may dial an advertised number and be offered a "calling card" which may be used immediately to access the advertised information. The "calling card" is a numerical code -- sometimes based on the telephone number of the line from which the call was placed -- that is used to assess charges for the call to the information service.

"International" information services. Advertisements may promote services that involve calls to international telephone numbers. Most international dialing sequences begin with the prefix "011." However, some international numbers look like ordinary ten-digit domestic numbers. For example, the FCC has received complaints about information services located in the Caribbean which use the "809" area code that is assigned to that region. In addition, many consumers have reported

instances in which 800 numbers have been used to initiate international calls to information services. Callers to toll-free numbers may be instructed to enter a particular series of digits in order to hear the advertised information. However, these callers may not be aware that by entering the digits, they are completing a long distance telephone call -- often to a foreign location. This is not a lawful practice.

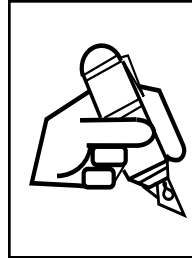
In these schemes, callers are not charged for their use of an information service. The information service is supposedly free. However, callers are charged long distance or international toll charges to cover transmission of their calls to the "free" information service. These types of service arrangements rely on cooperation between a telephone company and an IP or information services advertiser, with the telephone company sharing the money collected for its toll charges with the IP or advertiser. In some instances, U.S. telephone companies may be knowingly involved and the FCC can take action against them. In other cases, the U.S. telephone company may be an unwitting victim of an arrangement between an IP and a foreign entity that is not subject to U.S. law.

How to Protect Yourself from Unwanted Charges for Pay-Per-Call or Other Information Services

- Be aware that charges are always incurred when you listen to or participate in a program offered over a 900 number, even if you are calling to claim a "free" prize. Listen to the introductory message and hang up promptly if you decide you are not interested in the program or do not wish to pay the charges given.
- Be aware that information services are rarely truly free even if they are provided over toll-free numbers. If it sounds too good to be true, it probably is.

- Be careful in making all long distance calls, accepting collect calls, or accepting unsolicited offers from IPs.
- Be aware that not all advertisements for information services disclose the charges that will be assessed.
- Be cautious in calling an information service that advertises “Ordinary Toll Rates Apply” or “International Toll Rates Apply.” Be aware that the toll rates applied by some telephone companies involved in transmitting information services may exceed the rates of your own primary long distance company by a significant amount and that international rates -- even those of your own long distance carrier -- may be higher than you might expect.
- Caution children or other individuals who make phone calls from your telephone line about the charges associated with calls to information services.
- Consider obtaining a 900 number block if you do not wish to call any 900 number. Contact your local and long distance telephone companies about the availability of blocks for international or toll calls if you are concerned about securing your phone line against these calls.
- Examine your telephone bill carefully each month. Calls to 900 numbers must be separately listed on your bill, but a call to an IP in a foreign country may not necessarily be designated as an information services call -- it may be billed as an ordinary toll call or a “calling card” call.
- Don’t be intimidated in dealing with telephone companies, IPs, or collection agencies. Learn your rights and challenge incorrect or unwarranted charges for information service calls.

How To File a Complaint with the FCC



The Consumer Protection Branch of the FCC’s Common Carrier Bureau is able to assist you if your dispute over interstate pay-per-call or other information services charges involves conduct by a U.S. telephone company. Before contacting the FCC, you should

first attempt to resolve your dispute directly with the telephone company, IP or billing entity, following instructions included with the telephone billing statement. If these efforts are unsuccessful and you are dissatisfied with the conduct of a telephone company, a complaint may be filed with the Consumer Protection Branch. Please remember that the FCC has only very limited authority to handle complaints against IPs, service bureaus, non-telephone company billing entities, or collection agencies. You should contact the FTC with questions about the conduct of any of those parties.

There is no special form to fill out to file a complaint with the FCC. Simply send a typed or legibly printed letter, in your own words, to:

Federal Communications Commission, Common Carrier Bureau, Consumer Complaints, Mail Stop Code 1600A2, Washington, D.C. 20554.

Your complaint letter should include:

- ✓ Your name and address.
- ✓ The telephone number or the numbers involved with your complaint.
- ✓ A telephone number where you can be reached during the business day.

- ✓ The names and telephone numbers of the company or companies that billed you for pay-per-call or other information service calls.
- ✓ The names and telephone numbers of the employees of those companies that you spoke with in an effort to resolve your complaint and the dates you spoke with them.
- ✓ Copies of any documents you have received, such as a bill in which a telephone company charged you for a call to an information service. *Please circle the charges that you are disputing on the copy of the bill that you send to us.*

The Consumer Protection Branch will send a copy of your complaint to each telephone company involved with the complaint -- either by billing charges for or transmitting a call to an information service. Each telephone company will be directed to respond to your complaint in writing and to send you a copy of its response.

You should be aware, however, that even if a telephone company removes charges from your telephone bill, it may be legal for an IP to attempt to collect those charges either on its own or through a collection agency. You may wish to contact the FTC to learn about your rights regarding collection of these types of charges.

Some consumers who have been billed for pay-per-call charges report that they were told that under federal law or policy, telephone subscribers are responsible for all calls placed from their lines. While such a statement is generally true when charges are assessed for communications services -- such as a long distance call or other toll charges -- there is no federal law, rule, or policy that automatically and absolutely holds consumers responsible for pay-per-call charges incurred from their telephone lines.

Complaints About Local or Intrastate Information Services

Complaints about information services offered through 976 and other local or intrastate telephone numbers should be directed to your state public utility commission. You can contact your local or state consumer office to obtain the telephone number and address for your state public utility commission. This information may also be listed in the government section of your telephone directory.

A Brief History of Pay-Per-Call and Other Information Services

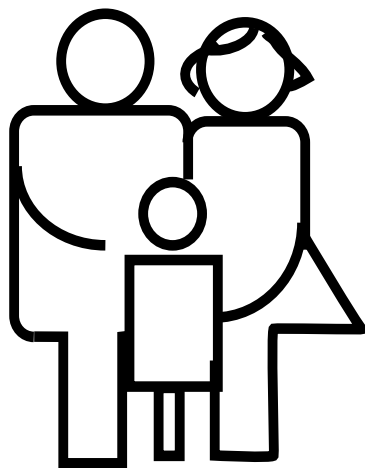
Competitive information services were first offered to telephone subscribers in the late 1980s using 900 numbers. Within a couple of years, the FCC was receiving large numbers of consumer complaints about these services. Consequently, in 1991 the FCC adopted regulations governing telephone companies that transmit and/or bill pay-per-call messages.

In 1992, the Telephone Disclosure and Dispute Resolution Act -- the TDDRA -- was enacted. This federal law requires comprehensive regulation of interstate 900 number pay-per-call services by both the FCC and the FTC. Shortly after the FCC's and FTC's TDDRA rules took effect, consumer complaints involving information services provided through other dialing sequences -- 800 numbers, international numbers, and ordinary geographic area code numbers -- began to increase.

Another federal law -- the Telecommunications Act of 1996 -- increased the TDDRA's restrictions on the use of toll-free numbers to charge callers for information services. In addition, this statute removed a provision in the TDDRA that has been used to justify arrangements by which consumers are charged tariffed transmission rates for supposedly free information services.

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*This is in response to your contact with the
Federal Communications Commission*



Thank you for your interest